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FOREIGN SERVICE DESPATCH

FROM : AMEMBASSY GUATEMALA — DESP. NO. 875

DECLASSIFICATION DATE 11/3/74

TO : THE DEPARTMENT OF STATE, WASHINGTON — DATE May 28, 1954

PER Matt — OFFICE ARA

REF FADRC FOI CASE NO. 640255

	ACTION	DEPT.
For Dept. Use Only	ACT-10	INFO CIA-2 ICAF-1 JCS-2 SAC-1 USIA-8 USNA-2
	REC'D 6/3	OTHER ARMY-35 NAVY-32 AIR-24 FBI-15 OSD-2 OCB-1

SUBJECT: Joint Weeka No. 21 for State, Army and Air Departments from S.

International and domestic pressures on the Guatemalan Government combined to make the week just closing one of the most tense in recent years. Both Government and opposition sources agreed that the present situation could not continue long, and it was freely predicted that important developments were in the offing.

International pressure was built up by daily reports in the press of consultations in Washington looking toward possible OAS action against this country based on the shipment of about 2,000 tons of arms to Guatemala from behind the Iron Curtain, while the U.S.' dramatic action in airlifting arms to Honduras and Nicaragua gave clear indication of our determination not to let those countries fall under Communist control. These events, coupled with the hasty departure of the Honduran Ambassador and Haiti's action in declaring the Guatemalan Minister and Secretary in Port au Prince persona non grata seemed to indicate a steady deterioration of Guatemala's international position.

In an effort to reverse this trend, Foreign Minister Guillermo TORIELLO called in Ambassador Peurifoy and offered to discuss with him the problems of the United Fruit Company, and immediately afterwards the Minister issued a statement to the press announcing unwarranted optimism over the possibilities of thereby improving relations with the U.S. Later in the week he moved to fill the long vacant post of Guatemalan Ambassador in Washington and sent a telegram to the Honduran Foreign Minister, Dr. Edgardo Valenzuela, offering to conclude a Friendship and Non-Aggression Pact with Honduras, while in frequent meetings with newspapermen he issued a stream of statements giving assurances of Guatemala's peaceful intentions.

Domestically, tension was increased when the Communist-dominated labor organization CGTG gave assurances that the workers were ready to respond to any call from the authorities to defend the country, by the continued warnings of the clandestine radio that the Arbenz Administration was nearing its end, and by the dramatic flight over Guatemala City of an unidentified aircraft which dropped leaflets

WLHenderson
REPORTER

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calling on the people to fight with Colonel Castillo Armas (the exiled Guatemalan revolutionary leader) against the evils of Communism.

INTERNATIONAL

Caribbean Relations: Guatemala's relations with its neighbors in the Caribbean were marked by new frictions during the week. Following last week's break of diplomatic relations by Nicaragua, the Honduran Ambassador, Dr. Jacinto Octavio Durón, was suddenly recalled by his Government, leaving Guatemala on May 25. This move did not constitute a rupture of relations, however, since a Chargé d'Affaires was left in charge of the Honduran Embassy. Coincidentally with the news of Ambassador Durón's departure, the press carried a report datelined Tegucigalpa from Mr. Jules Dubois, Chicago Tribune correspondent, stating that war between Honduras and Guatemala was imminent, and this was quickly associated in the public mind with other reports that the United States was flying arms into Honduras and Nicaragua to cause a considerable degree of public alarm. Excitable Clemente MARROQUIN Rojas wrote in his independent newspaper Impacto that Guatemala was on the verge of a bloody war and that the anti-Communists who praised the U.S. action would sing a different tune when they saw their wives, children and property torn to bits by American bombs dropped from Nicaraguan or Honduran planes. In this super-heated atmosphere the action of Haiti in declaring the Guatemalan Minister, Sr. Francisco GUERRA Morales and his Secretary of Embassy, Sr. Rafael APARICIO personae non gratae only added to the impression that Guatemala was rapidly becoming isolated internationally, especially since the Panamanian Ambassador also returned home on consultation.

Toriello's Countermoves: Foreign Minister Toriello, despite obvious ill-health moved energetically to bolster Guatemala's shaky position in so far as possible. On May 24 he invited Ambassador Peurifoy to his office and talked with him for an hour and a half about U.S.-Guatemalan relations. He either believed or affected to believe that the root of the differences between the United States and Guatemala was the United Fruit Company, which has had the majority of its property in Guatemala confiscated under the Agrarian Reform Law and has been harassed by labor strife. Although Sr. Toriello handed the Ambassador a memorandum rejecting the claim for nearly $16,000,000 made by the Department on behalf of the United Fruit Company, he stressed his desire to reach a settlement of the Fruit Company's problems and said he intended to make some specific proposals to this end in the near future.

The Ambassador told Sr. Toriello he would be glad to receive any proposals the Minister wished to make but pointed out he could not negotiate on behalf of the Fruit Company and that, further, the primary preoccupation of the United States was with the Communist infiltration of the Guatemalan Government. Sr. Toriello gave no sign of facing up

to this issue and his subsequent action in making optimistic statements to the press regarding his forthcoming talks with Ambassador Peurifoy seemed to indicate that his real aim was to cause a relaxation in the pressure on his Government.

Agrément Requested for New Ambassador to U.S.: In a further move to give the impression of improved relations with the United States, Sr. Toriello sent the Chief of Protocol, Sr. Humberto Garcia Gálvez, to this Embassy on May 27 to deliver a note asking the approval of the U.S. Government for the assignment as Ambassador in Washington of Dr. Carlos Leonidas ACEVEDO, a political moderate who has not been associated with pro-Communist activities. The ambassadorship in Washington has been open since Sr. Toriello vacated it to become Foreign Minister in January 1954.

Non-Aggression Pact Proposed to Honduras: Turning his attention to Honduras, Sr. Toriello on May 27 sent a telegram to his Honduran opposite number, Dr. Edgardo Valenzuela, in which he affirmed Guatemala's adherence to its non-intervention policy, especially with reference to the current wave of strikes in Honduras, said Guatemala was the victim of acts of intervention and aggression and had had to procure arms in self-defense, and gave assurances that the arms would never be used for aggressive purposes against Guatemala's sister republics. He then suggested the immediate conclusion of a Pact of Friendship and Non-Aggression between the two countries to eliminate all tension from their relations. As in the case of his talk with Ambassador Peurifoy, Sr. Toriello immediately publicized his offer to Honduras giving the impression that he was more interested in the propaganda effect than in the actual negotiation of a treaty. However, the activities in Honduras of Colonel Carlos Castillo Armas, the officer named as the leader of a revolutionary movement by the Guatemalan Government in its White Paper of January 29, 1954, undoubtedly caused alarm in Guatemalan Government circles, and any agreement with Honduras which would eliminate that threat would be more than welcome to the Arbenz administration.

DOMESTIC

CGTG Calls on Workers to Defend Regime: The domestic scene was no less agitated than the international, and here again many factors combined to increase nervousness in the Government and among the public. At the end of last week the Communist-dominated Confederación General de Trabajadores de Guatemala (CGTG) issued a call to the workers to arm their aid to the Government and the Army "in face of the improper attitude assumed by the Government of the United States in its desire to destroy the democratic Government (of Guatemala) and the conquests achieved by the people." The statement also said that the workers were disposed to respond to any appeal to defend the country which the Government and the Army might make.

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While statements of this type are not unusual and while the CGTG's call received only routine treatment in the press, its coincidence with the arrival of arms on the ALFHEM (Weeka No. 20) caused alarm in anti-Government circles who feared that weapons would be turned over to Communist-controlled groups in case of an uprising and that a massacre of the middle class would result. The independent newspaper El Imparcial editorialized that the Army, especially with its newly-acquired armaments, was quite capable of defending the country, thus attempting to stimulate the reported reluctance of most Army officers to allow the arming of civilian groups.

Army View: There are indications that the Army officers themselves were concerned regarding the possibility that arms might fall into Communist hands. Although nothing has been published about it, the Embassy is informed that Colonel Carlos Enrique Diaz, Chief of the Armed Forces, who hurried back from his South American tour, assured the officers at the Guatemala City Base Militar that the arms were solely for the use of the Army, and several Guatemalan officers have hinted privately that if the Government attempted to arm the Communists, serious trouble would ensue.

In an effort to calm the public and reassure Guatemala's neighbors, the Government had Colonel Enrique Parrinello de León, Army Chief of Staff, speak over a national radio network on May 26. Colonel Parrinello said the failure of the Army's efforts over a period of years to procure needed equipment had seriously prejudiced the security of the State but that the problem had been solved by the recent shipment of arms. He stressed that he was speaking officially when he said that the Army loved peace, both within the country and among the nations of America, and he added that the acquisition of arms should not be interpreted as preparation for hostile acts against any nation whatsoever.

ALFHEM Departs: Amidst the furor caused by its cargo, the ALFHEM quietly sailed from Puerto Barrios on May 24 and the press later reported it in Key West where its officers and crew were being quizzed by U.S. authorities. The arms it brought were transported to Guatemala City without other incident than the attempt to blow up a railroad bridge reported last week. Approximately 105 railroad cars of 20-ton capacity were used in the movement, this apparently substantiating the original report that about 2,000 tons of arms were involved.

Types of Arms: No announcement was made of the nature or quantity of arms received, but unverified reports indicated that the bulk of the shipment consisted of World War II German weapons: hand grenades, rifles, various types of machine guns, anti-tank guns and artillery howitzers. There was ample ammunition for each type, and it was estimated that the supply would last the Guatemalan Army for more than ten years.

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Distribution of Arms: On arrival in Guatemala City, the arms were distributed among the city's principal military establishments for unpacking and cleaning. Reports that some were sent directly to the small port of Livingston (presumably for clandestine shipment to the Honduran North Coast) or to points along the Honduran or Salvadoran frontiers seemingly were contradicted by statements of U.S. railroad officials that the ALFHEM's cargo was unloaded directly onto railway cars and immediately shipped to the capital.

Mystery Plane: The sensation of the week was the flight over Guatemala City on May 26 of an unidentified DC-3 aircraft which loosed thousands of handbills calling on the populace to fight with Colonel Castillo Armas for God, Fatherland and Liberty against Communist atheism, Communist intervention and Communist oppression. The pilot's daring in circling low over the city despite extremely bad weather conditions and the Guatemalan Air Force caught the imagination of the public. Reportedly, one package of leaflets hit the National Palace and another the police headquarters; this is said to have caused panic among Guatemalan Government officials who asked themselves, "What if they had been bombs?".

The following day commercial flights into Guatemala were suspended while the military authorities and representatives of the airlines worked out regulations which now prohibit flying over the National Palace and certain military installations. Previously, the Guatemalan Air Force had, without informing the public, ordered control tower operators to refuse clearance for civilian aircraft to fly over the territory north and east of Guatemala City (including most of the Honduran frontier area) and to prohibit all aircraft from flying over the Puerto Barrios area and the Motagua River Valley through which the railroad passes between Puerto Barrios and Guatemala City.

Signs of Tension: Besides the nervousness shown by official acts, many individual reactions betrayed the extreme tension felt by pro-and anti-Government Guatemalans. On his visit yesterday (see above) Major García Gálvez, the Chief of Protocol, said the tension was intolerable and something would have to be done. He added that in the National Palace officials were spending their time discussing the expected invasion from Honduras instead of working. An American citizen who visited the Palace saw Guillermo Palmieri, Chief of the National Tourist Bureau, demonstrating to a group of colleagues how Guatemala could be crushed by dropping only ten bombs in strategic places. Anti-Government Guatemalans also expected a movement against the Arbenz regime and were apprehensive over the retaliation the Communists might wreak on the middle classes if the coup were not immediately successful. Both sides agreed that the situation was unstable and would have to change one way or the other.

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Seat of Anti-Communist Deputy in Congress Declared Vacant: The Guatemalan Congress on May 25 declared vacant the congressional seat of José Luis Arenas, opposition deputy for the Department of Guatemala who sought asylum in the Salvadoran Embassy on February 26 (Weeka No.9) and later left Guatemala despite Government assurances that his congressional immunity would be respected. Since then he has been travelling through Latin America attempting to drum up support for the Anti-Communist Congress now meeting in Mexico City. Although there was no doubt that his continued absence from sessions provided grounds for cancelling his mandate, his colleagues on the opposition bench, Humberto VIDAURRE Leal and Jorge Adán SERRANO did their best to defend him and then left the hall as the 45 pro-Government deputies present unanimously voted to oust him.

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LABOR-AMERICAN INTERESTS

United Fruit Company Workers Strike at Bananera: The strike of the agricultural workers of the United Fruit Company's Bananera Division which began May 20 continues with no settlement in sight. There has been some talk that the Fruit Company and the union would resume direct negotiations in an effort to reach a settlement but they have not initiated talks and neither side appears particularly desirous to begin them. Some excitement was caused by the extension of the strike to the station of the Tropical Radio Company in Puerto Barrios which the strikers closed on May 24 and 25, apparently illegally since the Tropical Radio Company is not involved in the strike and since the Labor Court had specifically directed the strikers not to interfere with communications facilities. However, service at that station was restored on May 26.

United Fruit Company Negotiations with Dock Workers: Negotiations continued between the Fruit Company and the union of dock workers at Puerto Barrios regarding the terms of a new collective pact between them. Company officials are inclined to believe that a pact will be signed by both parties in the near future.

No Strike at Tiquisate: Although Carlos Manuel PELLECER, Communist and Secretary of Labor Disputes of the labor confederation, Confederación General de Trabajadores de Guatemala (CGTG), last week stated that the workers in the Fruit Company's Tiquisate Division would begin a series of progressive strikes on the various Company farms during the present week, no such development has taken place there and Tiquisate appears to be operating normally.

FOR THE AMBASSADOR:

William L. Krieg
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FOREIGN SERVICE DESPATCH

FROM: AMEMBASSY, GUATEMALA Desp. No. 360

TO: DEPARTMENT OF STATE, WASHINGTON September 30, 1954

(25) rcd 10-4

SUBJECT: Joint Weeka No. 39 for State, Army and Air Departments

action OLI-10 | OCR-2 ara-2 | USIA-8 Army

SUMMARY

This week, President CASTILLO Armas and the National Anti-Communist Front which officially supports him proceeded with preparations for the Constituent Assembly elections and referendum on Castillo's remaining in the Presidency which are scheduled for October 10. Despite some complaints that the elections were rigged and a scattered presentation of "independent" candidates, the prospects as the week ended were that the "official" Castillo slate would win an overwhelming victory.

Meanwhile, the President continued to shore up his regime at home and abroad. He announced the selection of a new Cabinet which was somewhat stronger in administrators than the previous one and he was finishing work on establishing an Advisory Council in which he intends to deposit the Cabinet's policy-making functions. To strengthen his position in the Central American situation, he met President OSORIO of El Salvador at the frontier to discuss mutual and regional problems.

The domestic political scene, however, remained troubled. The continuing "everything is going wrong" attitude of politicians pledged to Castillo indicated that, even if the Administration ticket wins an overwhelming victory, Castillo's control of the Constituent Assembly might be weakened by lack of discipline. The tenor of press and public comment indicated that there were still hopes that Castillo would limit himself to filling out the two-and-a-half remaining years of ARBENZ's term and would proceed with a minimum delay to the drafting of a new Constitution. Thus, if he wished to have a longer term and to postpone the Constitution for some time, Castillo still had much to do to demonstrate to the informed public the need for these steps. Meanwhile, the continued public uncertainty about his ability to stay in power even a short time was reflected in the rapid circulation of a baseless rumor that a coup to depose Castillo was underway.

In the military sphere, the Minister of Defense confirmed privately that the demobilization of the remnants of Castillo's "Liberation Army" in Zacapa would soon be completed.

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DOMESTIC AFFAIRS

Prospects for Castillo Victory in Referendum and Elections Remain Bright: With the referendum on Castillo's remaining in the Presidency and the Constituer Assembly elections only eleven days off, the prospects for an overwhelming Administration victory remained bright, although it is problematical whether the official slate once elected will remain disciplined behind Castillo. Since the voters will only be allowed to say orally "Yes" or "No" to Castillo's continuation in office and there is no organized opposition to a favorable vote, the only question is whether the Administration can turn out a large vote. In the Constituent Assembly elections, the Frente Anticomunista Nacional (FAN), which is the vehicle of the "official" Castillo candidates, got off to a good start in the campaign, considering the short notice and disorganization of the national political life. It circulated an initial "official" list of 66 candidates, and despatched delegations to the Departments to advance this campaign, making revisions in the list in some cases where the first nominees were not well received. The FAN and its constituent parties also made use of their ties with the government to borrow jeeps and other facilities, advantages which the scattered opposition are unlikely to have.

A few "Independent" slates in opposition to the "official" candidates may be presented in scattered constituencies, but as of this writing it appears unlikely that they will have an appreciable effect on the result in the remaining time. These "independents" are not against Castillo but rather seek to obtain seats for themselves and their interests in the Constituent Assembly. Ruben VILLATORO'S Union Nacional de Trabajadores Libres (UNTL) is planning to present nine "[illegible]" candidates. Although Villatoro took leave of absence from his CNTS union reorganization committee for the campaign, this development is not likely to be pleasing to Castillo since the "official" ticket already contains several labor leaders and since Castillo has repeatedly stated that he is opposed to a labor movement being used for political ends. It is reported that Villatoro allowed himself to be pushed into presenting a UNTL list by discontent elements. Elsewhere, there were protests from interest groups against various of the "official" candidates in the Departments of Guatemala, Huehuetenango, El Progreso, Jutiapa, and Santa Rosa and there were possibilities that separate "opposition" lists would be presented in several of these and maybe in others. However, there was little prospect that sufficient opposition could organize and win in sufficient of the country's 22 Departments to challenge the official ticket's absolute control of the Constituent Assembly and the greater risk was not that the official slate would lose the elections but that once elected the FAN candidates would not maintain discipline.

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The country as a whole continues to appear sympathetic to the idea of vesting Castillo's government with formal popular approval although there has been grumbling from those who consider the elections rigged. A group of 33 San Carlos University law students addressed a petition to the President to revise the Electoral Law, to cancel the referendum as reminiscent of the ex-dictator Ubico's methods, and to postpone the elections to allow a genuine campaign -- an attitude which, however commendable for its attachment to democratic principles, is regarded as utterly unrealistic in the present situation by most more mature Guatemalan political observers. These last confine themselves more to details: for example, there has been criticism that the referendum itself does not fix a definite term for Castillo, one lawyer putting the matter succinctly thus, "I would be delighted to vote for Castillo to finish out the two-and-a-half remaining years of Arbenz' term, but I wouldn't vote for a six-year term. Why don't they show what they propose". The press has maintained its current restraint in commenting on the new government, but Impacto has criticized the shortness of the campaign period and Prensa Libre has published a joke deriding the decision to force illiterate persons to vote orally and publicly. The net impression given by these expressions is that, while the articulate public is prepared to accept Castillo, there is also substantial attachment to the forms of democracy and Constitutionality and that the President and his advisers will have to explain carefully the reasons for any extension of Castillo's term beyond Arbenz' and any postponement in the drafting of a new Constitution.

Castillo Completes New Cabinet: The reorganization of the Cabinet which has been pending since Castillo assumed the Presidency on September 2 was announced on September 30, and although the selections were not dramatic the new Cabinet is measurably stronger than its predecessor. This Cabinet is to be an administrative body and policy is to be formulated by the Advisory Council proposed by Juan CORDOVA Cerna.

Under the reorganization, Jorge ELHEVERRIA Lizaralde, a well regarded accountant and administrator, became Minister of Finance; Jorge ARENALES, a respected lawyer, Minister of Economy and Labor; Lazaro CHACON, a large-scale farmer and son of the ex-President, Minister of Agriculture; and Ricardo QUINONEZ, hitherto a legal adviser of the President, Minister of the Interior. They replaced the four probable weakest members of the old Cabinet and the rest of the Ministers will remain the same. The establishment and composition of the Advisory Council is to be announced soon, according to the plans of the National Palace.

Underlying Political

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Underlying Political Instability Persists: Despite Castillo's more decisive action, there was still little buoyancy or optimism this week in the political atmosphere. Scarcely without exception, the political figures and observers with whom the Embassy talked saw a dark horizon of mishandled problems and, though they were notably without constructive suggestions, their lack of confidence in Castillo's ability to handle the situation was a political reality and an indication that Castillo has not to date molded the anti-Communist movement into an inspired and disciplined following.

Another sign of the persistence of lack of confidence could be seen on September 27, when a rumor circulated the city that saboteurs had cut the telephone line between the capital and Puerto Barrios and an uprising linked with Colonel MONZON, ex-Junta member, was about to occur. When the authorities investigated it developed that it was not the Puerto Barrios line but the line with Mexico that was out, probably due to storms, and that there was no reason to suspect Monzon. The rumor, however, would scarcely have been believed or repeated had there been certainty that Castillo's government was stable.

Similarly, the state of public opinion was such that the authorities felt obliged to issue a reassuring bulletin denying press reports that before Arbenz fell 30,000 rifles received from behind the Iron Curtain on the Alfhem last May had been handed out to Communist elements. The press reported that Congressman Hillings sub-committee in the U.S. had given out this information. (The Minister of Defense also privately denied the report, pointing out that fewer than 7000 rifles had been received on the shipment and stating they were accounted for.)

FOREIGN AFFAIRS

Presidents Castillo and Osorio Meet at Frontier: President Castillo of Guatemala and President Osorio of El Salvador met for four hours on their mutual frontier on September 23, to discuss mutual and regional problems. In a communique issued at the close of this meeting, the two Presidents stated their desire to maintain close relations between the two countries, their intention to establish social justice in each of the nations, and their belief that the principles of Central American cooperation are the best measures to achieve these ends. The communique contained no reference to Communism, due according to reliable information to President Osorio's opposition to mention of this problem. The two Presidents are also understood to have discussed the proposed December meeting of the Organization of Central American States (OEDCA) and considered the possibility of holding it in Guatemala City instead of Managua.

Articles Declared

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Asylees Reduced to Handful: With the departure of the persons who were in asylum in the Chilean Embassy and the arrival of planes to take away those remaining in the Argentine Embassy, the number of asylees in Guatemala will be reduced in a few hours to the vicinity of 50. The major group remaining is the one in the Salvadoran Embassy who are so delayed due to the Salvadoran Government's indecision about what to do with them.

LABOR

Labor Organizations Acquiesce in Government Reply to Their Petition: The government this week replied to the petition of the two national labor reorganization committees, FAS and CNRS, for "guarantees" by stating that the authorities respected the right of labor to reorganize, provided labor was not used as a means of Communist infiltration nor political agitation. The government statement also denied the authorities have been breaking up meetings, arresting labor leaders, or delaying the reorganization of labor unions, and refused to revoke the cancellation of the legal registration of the railroad and United Fruit Company unions which it described as having had Communist orientation. The government asked the working class for patience, saying that it did "not believe the problems of the working class can be solved through threats or ultimatums". The press supported the government's stand.

The leaders of the FAS and CNRS took this reply glumly but did not carry out their threat to resign. They decided instead to suspend union reorganization activity until after the October 10 elections. Villatoro of the CNRS intends to take part in the elections (see above) and so does Jose GALICIA Bauer who has not taken leave of the FAS but given a public assurance that the organization itself was non-political.

MILITARY

Completion of Demobilization of Liberation Army Scheduled: Colonel Enrique OLIVA de Leon, Minister of Defense, confirmed to the Army Attache that the demobilization of the 1500 men of Castillo's "Liberation Army" which remains in Zacapa will be demobilized in the near future. He estimates that some 4000 have already been let out, while 1000 have been incorporated in the regular army, in which every sixth man is now an ex-Liberation Army soldier. In addition, as previously reported, a quantity of enlisted men trained under Arbenz have been discharged and replaced by new conscripts, but exact figures on this phase are not at hand.

The Minister's

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The Minister's information substantiated Castillo's statement to a group of Guatemalan businessmen the previous week that the Liberation Army would soon be completely demobilized. In addition, Colonel Jorge BARRIOS Solares, its current field commander, has been appointed Governor of the Department of Guatemala. It thus appears that this time Castillo intends to go through with the demobilization which had previously been repeatedly announced but postponed.

For the Ambassador

John Calvin Hill, Jr.
Second Secretary

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Military: Col. A. E. McCormick

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